



# INTERNATIONAL EGG AND POULTRY REVIEW

ISSN 1522-5100



U. S. Department of Agriculture

Agricultural Marketing Service

Poultry Programs

Market News Branch

## Poultry Situation in Ukraine

The second half of 2004 had a tremendous impact on Ukraine's consumption of poultry products, due to the electoral crisis and the Orange Revolution that transpired. In short, the Orange Revolution (or Chestnut Revolution) is the movement of Ukrainian citizens protesting election fraud in the second round of Ukraine's election on November 21, 2004. The "chestnut" part comes from the chestnut trees, which are common in Ukraine and considered a symbol of Kyiv (Kiev.) Whereas the "orange" part stems from the campaign color for the opposition, Presidential candidate Yushchenko.

Prior to election, the outgoing government made a last attempt to retain power by increasing the minimal pension payments from 132 UAH (\$24.4) to 284.6 (\$52.7) from August to December of 2004. This action resulted in the rise of many low-income groups such as state employees, working retirees, low-qualified workers, and many others. These groups changed their consumption habits for meat and meat products, but most significantly for poultry as they were previously limited by a lack of resources.

At the moment, domestic supplies of red meat were insufficient despite rising prices further contributing to the growth of imports and poultry consumption. The Ukraine also had to decrease its exports of beef and pork to Russia by 40 percent and increase its imports of red meat from Poland and Brazil almost double. As of March 1, 2005 the Ukrainian State Statistics Committee announced the number of cattle in all categories of livestock breeding was 7.2 million head (7.8% less than a year ago,) the number of cows decreased to 3.94 million head (7.5% below 2004,) hogs fell to 6.45 million head (6.6% below 2004,) and sheep and goats dropped to 1.87 million head (3.1% less than last year.) However, poultry populations in all categories rose to 140.48 million head (9.4% above March of 2004 figures.)

Meanwhile, forecasts predict industrial egg production to grow to 6.2 billion eggs (12% higher) and domestic poultry production to reach 260,000 tons (30% higher) in 2005. Causes for such increases stem from producers expanding their production levels and facilities in response to the increases in demand for poultry by consumers, the end to the negative effects felt by the 2003 grain crop failure, loan assistance from the World Bank's International Finance Corp., and direct budget subsidies from the Ukrainian government (GOU.)

In addition, the Ukrainian poultry industry has announced plans to begin production of ducks and turkeys, which has been under developed in the past decade due to limited demand and high production costs. This trend is expected to continue throughout 2005 as long as the GOU remains consistent with its current trade policies.

Ukraine's broiler imports are projected to see a significant increase to 271,000 tons in 2005. The latest forecasts are based on the assumption that the political situation and economic development in the livestock sector remain unchanged. This assumption entails the livestock sector will continue to see stagnant production levels, further protection of the domestic market from imports of red meat, and an unaffected poultry import regime.

However, the current poultry system has become a target of the GOU as of late. The Ukrainian Government has made statements proposing changes to the current import system supporting the possible elimination of the tax privileges associated with the Special Free Economic Zones (FEZ,) as well as the imposition of meat quotas, especially for poultry to curb soaring imports and provide extra support to domestic producers.

An FEZ is an isolated part of a country's territory, where a special customs, taxation, financial, organization, and legislative scheme of entrepreneurial activity is established. Its purpose as outlined at its adoption in 1992 is to create additional jobs; activate foreign trade; attract foreign investments; activate exchanges in the sphere of research and development, make the national economy more competitive due to its new innovative level; and to expand the exportation base or develop export substitutes, etc.

At present, the only legal exports of U.S. poultry products to the Ukraine are conducted through the FEZs, which are excluded from the standard prohibitive tariffs applied outside the zones (EUR 0.7-1.5/kg.) In addition, the Ukraine has also stated plans to reduce import quotas. If the FEZs are eliminated prior to the reduction of regular import tariffs, the possible result would be exorbitant prices for poultry and red meats, as well as an increase in smuggling activities. It is uncertain if these actions will be taken to limit imports of meat, however many believe a big reason for the crisis in Ukrainian agriculture stems from imports.

Additionally, the GOU is currently interested in accession to the World Trade Organization (WTO) and in EU membership. The above actions would probably have a negative impact on Ukraine's short term ability to accede, but political pressure remains bent on limiting imports.

Source: USDA FAS/FAO/Various Newswires/Food & Agricultural Policy Research Institute

## Ukraine's Broiler Imports (MT)

<u>Whole Chickens</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
US	2	59	167	23	22	0
Brazil	20	0	100	0	3,996	4,999
EU-15	999	50	171	626	724	761
Others	390	280	981	1,128	550	458
Total	1,411	389	1,419	1,777	5,292	6,218
US Mkt Share	0%	15%	12%	1%	0%	0%

## Chicken Parts

US	77,456	21,991	52,461	19,869	4,237	62,994
Brazil	0	0	50	0	27,397	35,662
EU-15	6,376	1,875	7,334	34,044	39,419	61,027
Others	1,356	683	1,687	5,019	10,543	12,134
Total	85,188	24,549	61,532	58,932	81,596	171,817
US Mkt Share	91%	90%	85%	34%	5%	37%

## Further Processed

US	0	1	0	0	0	0
EU-15	3	0	13	3	4	2
Others	161	331	799	556	713	616
Total	164	332	812	559	717	618
US Mkt Share	0%	0%	0%	0%	0%	0%

Source: USDA FAS/FAO/Ukrainian Import Statistics

**Inspected Egg Products-U.S. & Canada Export/Import Trade****U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E Mar 12, 2005 (PRELIMINARY)

**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending March 12, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	258	239	2,121	1,496
Frozen	0	0	0	0
Dried	0	45	61	134
Total	258	284	2,182	1,630

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

Week Ending March 12, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	107	88	1,743	1,084
Frozen	44	0	255	332
Dried	0	80	300	631
Total	151	168	2,298	2,047

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending March 12, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	33	0	33	50
Extra Large	850	0	1,800	2,910
Large	1,390	800	7,460	9,893
Medium	1,590	1,500	9,525	7,530
Ungraded	120	0	1,622	13,478
Misc	0	0	2,263	0
Total	3,983	2,300	22,703	33,861

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section  
Source: USDA/AMS Poultry Programs, Market News Branch.**U.S. Fowl Slaughtered Domestically**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,720	1,317	3,037
Last Week	1,547	1,451	2,998
Same week yr ago	1,344	1,165	2,509
To-date/2005	14,535	12,919	27,454
To-date/2004	12,737	12,646	25,383

**U.S. Fowl Slaughtered in Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	261	7	268
Last Week	324	0	324
Same week yr ago	377	0	377
To-date/2005	3,132	11	3,143
To-date/2004	2,370	28	2,398

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. Fowl slaughtered in the U.S. and Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,981	1,324	3,305
Last Week	1,871	1,451	3,322
Same week yr ago	1,721	1,165	2,886
To-date/2005	17,667	12,930	30,597
To-date/2004	15,107	12,674	27,781

Source: USDA/AMS Poultry Programs, Market News Branch

**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Mar 18, 2005

**CHICKEN WITH SKIN ADDED**

--- PRICES ---		---- VOLUME ----		
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	25.00	61,200	-
WTD AVERAGE		25.00		
15-20%				
RANGE	25.00-27.00	12.50-23.00	934,400	363,200
WTD AVERAGE	26.34	18.54		
20% OR MORE				
RANGE	-	18.50	40,800	-
WTD AVERAGE		18.50		

\* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**EASTERN REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Mar 18, 2005

**CHICKEN WITH SKIN ADDED**

--- PRICES ---		---- VOLUME ----		
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	23.25	23.75-25.00	580,000	220,000
WTD AVERAGE	23.25	24.44		
15-20%				
RANGE	19.50-28.00	17.75-25.50	1,988,000	1,468,000
WTD AVERAGE	23.83	23.27		
20% OR MORE				
RANGE	-	19.00	80,000	-
WTD AVERAGE		19.00		

\* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**NATIONAL YOUNG TURKEY PARTS AND BULK MEAT.** FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 18 MARCH 2005.

The market tone tom breast meat was fully steady, steady on fresh destrapped tenderloins, fully steady on frozen destrapped tenderloins with trading noted at higher trending prices, breast trim steady to fully steady, frozen scapula steady at best and frozen wing meat with skin steady to barely steady. Demand moderate on tom breast meat, light to moderate on destrapped tenderloins, balance of white meat light to moderate on fresh with frozen light. Offerings of tom breast meat and destrapped tenderloins were held with confidence, balance light to instances fully adequate with frozen wing meat with skin the most readily available. Export trading was very active on open priced fresh tom drums for April shipments, active on firm priced tom drums at mostly steady prices and on frozen thigh meat at steady to lower trending price levels, balance slow to moderate. Domestic trading centered on moderate volumes of white meat and hen drums, balance slow. For export: hen necks 19.50, tom necks 20.50-22, frozen strap-in tenderloins 144 cents delivered current, livers 22.50 cents shipping point for April-May shipments. Fresh tom breast meat traded with 165 cent price ceiling for March-April shipments.

**FRIDAY, MARCH 18, 2005****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	37.00-40.00		39.03	744	39.03	744
WINGS FULL-CUT - TOMS	30.00-30.50		30.08	248	30.08	248
WINGS, V-TYPE, TOM	52.00		52.00	104	45.00	208
TAILS	24.50		24.50	40	24.50	40
MECHANICALLY SEPARATED 2/	30.00		30.00	104	29.36	276
THIGH MEAT - FROZEN	85.00-89.00		86.63	768	86.63	768

**THURSDAY, MARCH 17, 2005****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	208
WINGS FULL-CUT - TOMS		F	30.00	312
WINGS, V-TYPE, TOM		M	38.00	104
TAILS		R	24.00	160
MECHANICALLY SEPARATED 2/		W	29.50	40
THIGH MEAT - FROZEN		F	88.31	408

**WEDNESDAY, MARCH 16, 2005****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	208
WINGS FULL-CUT - TOMS		F	30.00	312
WINGS, V-TYPE, TOM		M	38.00	104
TAILS		R	24.00	160
MECHANICALLY SEPARATED 2/	29.50		29.50	40
THIGH MEAT - FROZEN		F	88.31	408

**TUESDAY, MARCH 15, 2005****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	208
WINGS FULL-CUT - TOMS		F	30.00	312
WINGS, V-TYPE, TOM		M	38.00	104
TAILS		R	24.00	160
MECHANICALLY SEPARATED 2/	27.00-30.00		28.82	132
THIGH MEAT - FROZEN		F	88.31	408

**MONDAY, MARCH 14, 2005****EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	39.00	208
WINGS FULL-CUT - TOMS		F	30.00	312
WINGS, V-TYPE, TOM	38.00		38.00	104
TAILS		R	24.00	160
MECHANICALLY SEPARATED 2/		F	29.00	40
THIGH MEAT - FROZEN		F	88.31	408

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.